



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548



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CIVIL DIVISION

APR 30 1971

Dear Mr. Starobin:

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The General Accounting Office has recently made a survey of the District of Columbia Government Procurement Office (now the Bureau of Procurement, Department of General Services) procedures and practices for awarding negotiated services contracts. During our survey, we noted instances where negotiated services contract procedures were not in accordance with certain Procurement Manual requirements.

contract manual

Paragraphs 4-806 and -809 of the Procurement Manual require, for non-personal services contracts in excess of \$2,500 (other than for architectural or engineering services), that (1) District departments or agencies in need of non-personal services are to provide a full and detailed description of the services needed in a memorandum requesting the Procurement Office to contract for the services; (2) the requesting memorandum is to be supported with pertinent information, including unit cost and estimated total contract cost data and correspondence with the proposed contractor; (3) negotiation with the contractor is to be completed by the Procurement Office; and, (4) no contractor services are to be obtained under the contract until the contract is finally approved by the Procurement Office.

Non-compliance with these requirements has been a long-standing problem. In a memorandum dated August 26, 1968, the Supervisor, Negotiated Services Division, advised the Procurement Officer of certain problems associated with negotiated services contracts. He pointed out that, for most of the contracts which one particular agency submits to the Procurement Office, the contracts are submitted after the contractor has begun to perform. The Supervisor concluded that this agency's contracts have been submitted to the Procurement Office in order to effect payment--not to bring about negotiation.

Subsequently, the Procurement Office issued two memoranda concerning procedural guidelines to be followed in awarding negotiated services contracts. On December 9, 1968, the Procurement Office issued a memorandum advising all agencies that it was imperative that no services be

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performed by any proposed contractor until the contract had been approved by the District. The Procurement Office issued a memorandum on February 10, 1969, which specifically advised agency heads to give proper consideration to the respective limits of their contract approval authority when dealing with prospective contractors.

We reviewed the contract files for 333 contracts awarded during fiscal year 1969 - 230 of which were dated prior to the issuance of the February 10, 1969, memorandum and 103 of which were dated after the memorandum's issuance. The following tabulation indicates that, following the issuance of the memoranda, no significant improvement has occurred in the processing of negotiated services contracts.

		<u>FY 1969 contracts dated:</u>	
		<u>Before Feb-</u>	<u>After Feb-</u>
		<u>ruary 10, 1969</u>	<u>ruary 10, 1969</u>
Number of contract files containing:			
Contract cost data		51	29
Percentage of total	22		28
Documentation indicating			
negotiating activity (note)		91	46
Percentage of total	40		45
Copy of contract and routine			
correspondence, only		88	28
Percentage of total	<u>38</u>	<u>—</u>	<u>27</u>
Total	<u>100</u>	<u>230</u>	<u>100</u>
			<u>103</u>

Note: No formal record of negotiating activity was present in the contract files.

The Procurement Office memoranda appear to have been partially effective in curbing the practice of permitting a contractor to begin work before the contract has been approved. Of the 230 contract files we examined covering contracts dated before February 10, 1969, we found that 74, or about 32 percent, indicated that the contractor began work

before the contract was approved. In contrast, we found that only 14, or about 14 percent, of the 103 contract files covering contracts dated after February 10, 1969, contained indications of the contractor starting work before the contract was approved.

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We have no immediate plans to review, in detail, the manner in which negotiated services contracts have been negotiated and awarded. We believe that the foregoing matters warrant your attention with regard to further emphasizing the need for department and agency officials to adhere to Procurement Manual regulations.

We wish to acknowledge the cooperation extended to our representatives during the performance of this survey, and we would be glad to discuss these matters further if you wish.

Sincerely yours,



Willard L. Russ
Assistant Director

Mr. Sam D. Starobin, Director
Department of General Services
District of Columbia Government